



Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending

EXPANDING OUR MISSION AND IMPACT



*Learn.
Perform.
Succeed.*

EXPANDING OUR MISSION AND IMPACT



Purpose

- **Provide information on the USD(AT&L) acquisition initiatives described in:**
 - **“Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending”**
 - **USD(AT&L) memo, 14 Sep 10**



Acquisition Efficiency Guidance Roadmap

“Better Buying Power” Initiatives Focus Areas

- **Target Affordability and Control Cost Growth**
- **Incentivize Productivity & Innovation in Industry**
- **Promote Real Competition**
- **Improve Tradecraft in Acquisition of Services**
- **Reduce Non-Productive Processes and Bureaucracy**



Acquisition Efficiency Guidance Roadmap

Target Affordability and Control Cost Growth

- **Mandate affordability as a requirement**
- **Implement “should cost” based management**
- **Eliminate redundancy within warfighter portfolios**
- **Achieve Stable and economical production rates**
- **Manage program timelines**

Will Cost - Should Cost

Memo

- **Three Methods:**
 - **Bottoms-up assessment**
 - **Identify Reductions from Will-Cost**
 - **Competitive Contracting and Contract Negotiations**
- **AT&L Memo dtd 22 Apr 11 - Implementation of Will Cost-Should Cost Management, joint Memo from Dr. Carter and Mr. Hale.**
- **Army, USAF guidance out; Navy specific guidance pending.**
- **Will-Cost still used for External Reporting**



Acquisition Efficiency Guidance Roadmap

Incentivize Productivity & Innovation in Industry

- **Reward contractors for successful supply chain and indirect expense management**
- **Increase Use of FPIF contract type**
- **Capitalize on progress payment structures**
 - DPAP Memo dtd 27 Apr 11 - Cash Flow Tool for Evaluating Alternative Financing Arrangements
- **Institute a superior supplier incentive program**
- **Reinvigorate industry's independent research and development & protect the defense technology base**



Acquisition Efficiency Guidance Roadmap

Promote Real Competition

- **Emphasize competitive strategy at each program milestone**
- **Remove obstacles to competition**
 - **Allow reasonable time to bid**
 - **Require non-certified cost and pricing data on single offers**
 - **Enforce open system architectures and set rules for acquisition of technical data rights**
 - **DPAP Memo dtd 27 Apr 11 - Improving Competition in Defense Procurements- Amplifying Guidance.** This memo amplifies guidance in DPAP Memo dtd 24



Acquisition Efficiency Guidance Roadmap

Improve Tradecraft in Acquisition of Services

- **Assign senior managers for acquisition of services**
- **Adopt uniform services market segmentation (taxonomy)**
 - DPAP Memo dtd 23 Nov 2010- Taxonomy for Acquisition of Services
- **Address causes of poor tradecraft**
 - Define requirements and prevent creep
 - Conduct market research
- **Increase small business participation**



Acquisition Efficiency Guidance Roadmap

Reduce Non-Productive Processes and Bureaucracy

- **Reduce frequency of OSD level reviews**
- **Work with Congress to eliminate low value added statutory requirements**
- **Reduce the volume and cost of Congressional Reports**
- **Reduce non-value added requirements imposed on industry**
- **Align DCMA and DCAA processes to ensure work is complementary**
 - **DPAP Memo dtd 4 Jan 11- Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending; “Aligning DCMA and DCAA Processes to Ensure Work is Complementary”**
- **Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs**



Alignment of DCMA-DCAA

- **Effective 17 Sep 10, DCAA doesn't perform field pricing audits below:**
 - \$100M for Cost-type proposals
 - \$10M for fixed-type proposals
 - DCMA will provide field pricing assistance for those
- **DCMA single Agency for FPRA and FPRR**
- **DCAA to cease Financial Capability Reviews & Purchasing System Reviews. DCMA to do both.**
- **DCAA to audit subcontract costs as part of incurred costs audits & report**



DoDI 5000.02 Document Disposition

AT&L

DAB Documents under Review

<u>Document</u>	<u>SOURCE</u>	<u>OPR</u>	<u>Disposition</u>
Acquisition Strategy / Technology Development Strategy	Reg: DoDI 5000.02	ARA / DPAP	Revised; Approved at 6 Jan S I G
Data Management Strategy	Stat: 10 USC 2320	ARA / DPAP / SE	Increased emphasis in AS
Systems Engineering Plan	Reg: DoDI 5000.02	SE	Revised; Approved at 6 Jan S I G
Corrosion Prevention and Control Plan	Reg: DoDI 5000.67	AT&L	Addressed in SEP
IUID (Individual Unit Identification) Implementation Plan	Reg: DoDD 8320.03 +	DPAP	Addressed in SEP
PESHE / NEPA Compliance Plan	Stat: 10 USC 4321 +	I&E	Addressed in SEP
Program Protection Plan	Reg: DoDI 5200.39	SE	Revised; Approved at 6 Jan S I G
Acquisition Information Assurance Strategy	Reg: DoDI 8580.1	ASD (NII)	Consolidated into PPP
Life-Cycle Sustainment Plan	Reg: DoDI 5000.02	L&MR	Revised; Approved at 6 Jan S I G
Information Support Plan (ISP)	Reg: DoDD 4630.05 +	ASD (NII)	In work
Net-Centric Data Strategy	Reg: DoDD 8320.02	ASD (NII)	To be consolidated into ISP
Life-Cycle Signature Support Plan	Reg: DoDD 5250.01	USD (I)	In work, renamed Life-Cycle Mission Data Plan to be more comprehensive
T&E Master Plan	Reg: DoDI 5000.02	DOT&E / DT&E	In work; renamed at MS A
T&E Strategy	Reg: DoDI 5000.02	DOT&E / DT&E	Replace TES w/TEMP at MS A
Operational Test Plan	Stat: 10 USC 2399	DOT&E	In work
Economic Analysis (for MAIS programs)	Stat: P.L. 106-398	CAPE / NII	In work



Reducing Internal Reporting Requirements

Internal Reports

- Director, Administration & Management requested review of 97 USD(AT&L) internally generated reporting requirements
- USD(AT&L) recommended elimination of 45
- All 45 have been eliminated
- Lists can be found at:
 - http://www.dtic.mil/whs/directives/corres/pdf/non issuance_reports_for_elimination.pdf
 - <http://www.dtic.mil/whs/directives/corres/html/reportcancellation.html>

Reducing External Reporting Requirements

External Reports

- **The Department requested repeal of requirements for 158 recurring Congressional reports:**
 - 55 were USD(AT&L) requests
- **H.R. 1540**
 - Would grant 25 of the 158 requests
 - Includes 4 of the 55 USD(AT&L) requests
- **S.1253 (sections 1061 through 1069)**
 - Would repeal or modify almost 100 recurring reporting requirements as requested by the Department.

Reducing External Reporting Requirements

Legislative Proposals

- Requested relief from full suite of N-M process requirements for critical cost breaches induced by quantity change
- Requested repeal of all requirements for retroactive certifications
- H.R. 1540 did not include either proposal
- S.1253 includes
 - Relief for Quantity change Nunn-McCurdy (with caveat)
 - Repeal of requirement for retroactive certifications

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